## **BALANCED BUDGET AMENDMENT/Tax Expenditures**

**SUBJECT:** 

A Resolution Proposing a Balanced Budget Amendment to the Constitution of the United States . . . H.J. Res. 1. Hatch motion to table the Wellstone motion to refer with instructions.

## **ACTION: MOTION TO TABLE AGREED TO, 59-40**

**SYNOPSIS:** Pertinent votes on this legislation include Nos. 62-63, 65-69, and 71-98.

As passed by the House, H.J. Res. 1, a resolution proposing a Balanced Budget Amendment to the Constitution, is virtually identical to the balanced budget constitutional amendment that was considered last year by the Senate (see 103d Congress, second session, vote Nos. 47-48). The resolution: will require a three-fifths majority vote of both Houses of Congress to deficit spend or to increase the public debt limit; will require the President's annual proposed budget submission to be in balance; and will require a majority of the whole number of each House to approve any bill to increase revenue. Congress will be allowed to waive these requirements for any fiscal year in which a declaration of war is in effect. Congress will enforce and implement this amendment by appropriate legislation. The amendment will take effect in fiscal year 2002 or with the second fiscal year beginning after its ratification, whichever is later. The States will have 7 years to ratify the amendment.

**The Wellstone motion** to refer the resolution to the Budget Committee with instructions would require the Committee to report the resolution back forthwith in status quo, and would require it to issue a report with seven specified findings and the following statement: "it is the sense of the Committee that in enacting the policy changes necessary to achieve the more than \$1 trillion in deficit reduction necessary to achieve a balanced budget, that tax expenditures, particularly industry-specific preferential treatment, should be subjected to the same level of scrutiny in the budget as direct spending programs."

Debate was limited by unanimous consent. Following debate, Senator Hatch moved to table the Wellstone motion. Generally, those favoring the motion to table opposed the Wellstone motion; those opposing the motion to table favored the Wellstone motion.

**Those favoring** the motion to table contended:

(See other side)

YEAS (59)			NAYS (40)			NOT VOTING (1)	
Republicans Democrats (52 or 100%) (7 or 15%)		Republicans	Democrats		Republicans	Democrats	
		(7 or 15%)	(0 or 0%)	(40 or 85%)		(1)	(0)
Abraham Ashcroft Bennett Bond Brown Burns Chafee Coats Cochran Cohen Coverdell Craig D'Amato DeWine Dole Domenici Faircloth Frist Gorton Gramm Grams Grassley Gregg Hatch Hatfield Helms	Hutchison Inhofe Jeffords Kempthorne Kyl Lott Lugar Mack McCain McConnell Murkowski Nickles Packwood Pressler Roth Santorum Shelby Simpson Smith Snowe Specter Stevens Thomas Thompson Thurmond Warner	Bryan Campbell Feinstein Heflin Mikulski Reid Simon		Akaka Baucus Biden Bingaman Boxer Bradley Breaux Bumpers Byrd Conrad Daschle Dodd Dorgan Exon Feingold Ford Glenn Graham Harkin Hollings	Inouye Johnston Kennedy Kerrey Kerry Kohl Lautenberg Leahy Levin Lieberman Moseley-Braun Moynihan Murray Nunn Pell Pryor Robb Rockefeller Sarbanes Wellstone	EXPLANAT 1—Official I 2—Necessar 3—Illness 4—Other  SYMBOLS: AY—Annou AN—Annou PY—Paired PN—Paired	ily Absent inced Yea inced Nay Yea

VOTE NO. 70 FEBRUARY 15, 1995

The debate on H.J. Res. 1 is over whether the United States should enshrine in the Constitution the timeless principle that the Federal Government should not spend excessively and leave the debt for future generations to pay. The debate is not over how Congress will alter the tax code once that principle has been established. The Senate has before it the broad constitutional question of "whether," not the narrow statutory questions of "how." Once again, though, our colleagues are confused by this distinction. Once again, instead of concentrating on whether or not the Federal Government should be required to balance the budget, they have moved ahead to try to dictate how it will proceed once it is required to balance it.

Such motions as this Wellstone motion serve only to muddy the water. Moving prematurely from considering the constitutional principle to considering the political questions is intended by many Senators to spark fright among different groups that somehow they are guaranteed to lose when those political questions on how to balance the budget are answered. By moving the debate ahead to the political question of "how," the implication is given that budgetary pain will only occur if Congress balances the budget, so it is better to continue running deficits. By remaining willfully quiet on the unsustainability of continued deficit spending, with the inevitable disaster that it will bring for every group and individual in America, we think our colleagues are doing a great disservice to our Nation.

Some supporters of the Wellstone motion do not advocate continued deficit spending. In fact, many of the Senators who support this Wellstone motion are among those Senators who have said that the budget can and will be balanced absent passage of a balanced budget amendment. In the case of these Senators, it is astoundingly illogical to demand an explanation of how the budget will be balanced with a balanced budget requirement and at the same time to remain completely silent on how they propose to do exactly the same thing without a balanced budget amendment. Considering that the President has just submitted a budget proposal that has steadily rising deficits for the next 10 years, with not even the pretense of an effort to bring the budget into balance, ever, and considering that Congress has proven incapable of balancing the budget in the past 30 years without a balanced budget requirement, we think that the American people deserve to hear why our colleagues are so certain of success. Certainly it makes more sense to have a plan when success is in serious doubt than when it is required.

We understand the sincerity of the Senator from Wellstone in offering this motion, but we respectfully submit that his focus is wrong. This debate is not about one narrow, statutory area of the tax code, it is about whether the Constitution should be amended to require a balanced budget. We urge Senators to try to stay focused. We will be happy to debate the Wellstone motion on the budget resolution or on implementing legislation for this balanced budget amendment. We may even be quite supportive. For now, though, the motion is inappropriate, so we urge our colleagues to join us in tabling it.

## Those opposing the motion to table contended:

To balance the budget in 7 years, a deficit gap of \$1.2 trillion will have to be closed. If the Republicans carry through on their tax-cut and defense-increase promises, an additional \$277 billion will have to be closed. So far in this debate, Senators have only talked about tax increases and spending cuts as ways of reducing the deficit. A third alternative also must be given equal consideration—the elimination of tax expenditures, more commonly known as tax loopholes. According to the Congressional Joint Tax Committee, tax expenditures cost the United States Treasury \$420 billion per year. Some of these tax expenditures may be meritorious, reflecting universally held policy preferences, while others may be simply special interest tax dodges. If we pass this balanced budget amendment, we are going to have to examine critically every tax expenditure. In crafting this motion, we were careful to make it a sense-of-the-Senate statement that will have no effect on H.J. Res. 1. All it will do is put the Senate on record as believing that if this balanced budget resolution does pass then it should carefully scrutinize all existing tax breaks when looking for ways to balance the budget. The Wellstone amendment is meritorious, and deserves our support.